

One Hundred Third Legislature - First Session - 2013

Introducer's Statement of Intent

LB155

Chairperson: Senator Mike Gloor

Committee: Banking, Commerce and Insurance

Date of Hearing: January 22, 2013

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Under current law, public funds in excess of the amounts insured or guaranteed by the Federal Deposit Insurance Corporation (\$250,000 per account) must be secured by "securities" authorized by state law. Among the "securities" authorized to be pledged for purposes of satisfying the public funds pledging requirements are mortgage-backed obligations issued by the Federal Home Loan Mortgage Corporation, the Federal Farm Credit System, a Federal Home Loan Bank, or the Federal National Mortgage Association. Questions have been raised based on current state law, regarding whether mortgage-backed securities and collateralized mortgage obligations issued by the designated government sponsored enterprises would qualify to be pledged for purposes of securing public funds as "mortgage-backed obligations."

LB 155 would clarify that both mortgage-backed securities and collateralized mortgage obligations issued by or backed by collateral one hundred percent guaranteed by the Federal Home Loan Mortgage Corporation, the Federal Farm Credit System, the Federal Home Loan Bank, or the Federal National Mortgage Association qualify as "securities" for purposes of satisfying the pledging for public funds requirements.

In addition, current law allows the pledging for public funds requirements to be satisfied by the use of irrevocable, nontransferable, unconditional stand-by letters of credit issued by the Federal Home Loan Bank of Topeka. LB 155 would amend Neb.Rev.Stat. Section 77-2387(13)(q) to allow pledging of letters of credit issued by any Federal Home Loan Bank, not just the Federal Home Loan Bank of Topeka.

Principal Introducer: _____

Senator Mike Gloor

